

REFORMING REIMBURSEMENT FOR NEONATAL LEVELS OF CARE

GOALS OF INITIATIVE

- Provide Medicaid and its partners a mechanism to authorize payments for the appropriate level of services
- Ensure compliance with National Uniform Billing Code
- Reimburse for services needed and provided; not services available
 - Realign current hospital reimbursement rates to reimburse for services provided
 - Ensure no reduction in highest rate level

Key Questions

- What level of care is the Hospital licensed to provide?
- What level of care is medically necessary for the newborn?
- What level of care is the Hospital providing for each newborn?
- What level of care is the Hospital billing?

2011 Billing Practices

Of the days for Neonatal Levels of Care
(Levels 2-4):

- **88.14%** were billed at the **highest level of care** (Revenue Code 174)
- **6.96%** were billed at the **second highest level of care** (Revenue Code 173)
- **4.90%** were billed at the **lowest level of care** (Revenue Code 172)

Current Fiscal Intermediary Process

- Hospital request Prior Authorization from Molina Pert Cert Staff/Shared Health Plan
 - Number of days
 - Level of Care to be provided
- Molina/Shared Plan would provide the NUMBER OF DAYS authorized
- Hospital submitted claim for services provided
- Molina's claims system currently DOES NOT EDIT BASED ON LEVEL OF CARE, ONLY on # of days authorized.
- No monitoring as to whether what was authorized is what was billed

Current Prepaid Health Plan Process

- Hospital requested Prior Authorization from Health Plan Provider Services – Prior Authorization Staff
 - Number of days
 - Level of Care to be provided
- Health Plan provides prior authorization for:
 - Number of Days authorized at a specific Level of Care based on medical necessity criteria being met
- Hospital submits claim for services provided
- Health Plan's claims system EDIT based on:
 - Level of care authorized; AND
 - # of days authorized.
- Conduct monitoring as to whether what was authorized and billed is what was medically necessary.

Proposed Process

- Hospital request Prior Authorization from Molina/Health Plan Provider Services – Prior Authorization Staff
 - Number of days
 - Level of Care to be provided
- Molina/Health Plan provides prior authorization for:
 - Number of Days authorized at a specific Level of Care based on medical necessity criteria being met
- Hospital submits claim for services provided
- Molina/Health Plan's claims system EDITS based on:
 - Level of care authorized; AND
 - # of days authorized.
- Conduct monitoring as to whether what was authorized and billed is what was medically necessary.

CURRENT HOSPITAL NEONATAL LICENSING REQUIREMENTS

Level 3 Regional

- 24 hour in-house coverage by a neonatologist.
- The unit shall have a transport team and provide for and coordinate neonatal transport with Level 1, 2 and 3 NICUs throughout the state.
- Recognized as a center of research, educational and consultative support to the medical community.
- Chief of services shall be a board-certified neonatologist.
- Nurse to patient ratios shall be 1:1-2.
- Shall have a required list of specialties-see the rule for the complete list.

Level 3

- There shall be a written neonatal transport agreement with an approved Level 3 Regional Unit.
- If a neonatologist is not in-house, there shall be a pediatrician who has successfully completed the neonatal resuscitation program
- Direct consultation with a neonatologist shall be available 24 hours a day
- Chief of services shall be a board-certified neonatologist.
- Medical and surgical consultation shall be readily available and pediatric subspecialists may be needed in consultation with a transfer agreement with a Level 3 regional NICU
- Nurse to patient ratios for Level 3 NICU shall be 1:2-3

Level 2

- There shall be management of small, sick neonates with a moderate degree of illness that are admitted or transferred.
- There shall be neonatal ventilator support, vital signs monitoring, and fluid infusion capabilities. Neonates requiring greater than 24 hours of continuous ventilator support shall be transferred out to a Level 3 or Level 3 Regional unit
- Neonates born with a birth weight less than 1,500 grams shall be transferred to a Level 3 or Level 3 Regional NICU
- Neonates requiring transfer may be returned to an approved Level 2 unit for convalescence.
- The chief of service shall be a board-certified pediatrician with special interest and experience in neonatal care or a neonatologist.
- Nurse to patient ratios shall be 1:3-4

Level 1

- Shall have the capability to resuscitate and stabilize unexpected small or sick neonates before transfer to the appropriate advanced level of care.
- The unit shall maintain consultation and transfer agreements with more advanced NICUs, emphasizing maternal transport when possible.
- There shall be a defined nursery area with limited access and security or rooming-in facilities with security
- Parent and/or sibling visitation/interaction with the neonate shall be provided
- The unit shall have the capability for data collection and retrieval.
- The chief of service shall be a physician who is board-certified or board eligible in pediatric or family practice medicine
- Nurse to patient ratios shall be 1:6-8

LEVELS OF CARE WITHIN THE NURSERY

Revenue Code	Level*	InterQual Level of Care	Definition
171	Level 1	General LOC/Newborn Nursery Level 1	Routine care of apparently normal full-term or pre-term neonates. This InterQual subset covers all healthy newborns at low risk for complications that may require interventions of low complexity. It also includes infants who have transferred from a Level 2 or 3 nursery.
172	Level 2	General LOC/Transitional Care Nursery	Low birth weight neonates who are not sick but require frequent feeding and neonates who require more hours of nursing than do normal neonates. This InterQual subset covers all infants who are being transferred from a level 1, 2, or 3 nursery, are unable to have their care needs met in the home environment and require interventions of a low complexity.
173	Level 3	NICU/Special Care Nursery Level 2	Sick neonates who do not require intensive care but require 6-12 hours of nursing each day. This InterQual subset covers neonates that are hemodynamically unstable, or <35 weeks gestational age, or < 2000 gram birth weight, or that require moderately complex interventions.
174	Level 4	NICU Level 3	Constant nursing and cardiopulmonary and other support for severely ill infants. This InterQual Criteria subset is appropriate to use when the patient is <32 weeks gestational age, or < 1500 gram birth weight, or hemodynamically unstable, and any of the following are required: continuous invasive hemodynamic monitoring, complex medical interventions, acute intubation/mechanical ventilation/ECMO/high flow oxygen >40%, monitoring and intervention at least every 2 hours, pediatric subspecialty service necessary.

*Corresponds with National Uniform Billing Committee guidelines

WHAT DOES THE NEONATAL LEVEL OF CARE MEAN?

Level of Care	Hours of Direct Nursing Care Per Newborn*
Level 4	Greater than 12 hours daily
Level 3	6-12 hours daily
Level 2	Less than 6 hours daily

***Direct nursing care shall be defined as the time the nurse provides hands-on care with one infant in a 24 hour period.**

CURRENT VS. PROPOSED REIMBURSEMENT BY LEVELS OF CARE

Revenue Codes	Neonatal Level of Care	Current Louisiana Medicaid Rates w/o GME	Current Louisiana Medicaid Rates with GME	Proposed Rates w/o GME
170	Nursery – General	\$189.28\ \$196.13\ \$812.32*	N/A	Current Rates
171	Level 1 – Nursery	\$189.28\ \$196.13\ \$812.32*	N/A	Current Rates
172	Level 2 – Nursery	\$189.28\ \$196.13\ \$812.32*	N/A	50% of 174 Rate \$385.47 – \$937.92
173	Level 3 – NICU	\$189.28\ \$196.13\ \$812.32*	N/A	80% of 174 Rate \$616.76 – \$1500.67
174	Level 4 – NICU	\$770.95-\$1875.84	\$770.95-\$2013.06	100% of Current Rate

*Rural Hospital

Next Steps

- ▣ April 5, 2013 – Final submission of information for consideration in rule development
- ▣ April 12, 2013 – Proposed rule submitted to LHA for comment
- ▣ May 1, 2013 – Effective date of Emergency Rule